

AMERICAN MANAGEMENT ASSOCIATION
BOARD OF DIRECTORS

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The MANAGEMENT REVIEW

March, 1931

S or D

By JOHN MILLS, *Director of Publication,*
Bell Telephone Laboratories

A GLASS of milk and one of water on a luncheon table served one of my friends as material to test in his own family the theory we had been talking about. He has two daughters, twelve and fourteen years old; and he tried them out separately with the same question. "Compare these two things," he said, indicating the glasses. One girl replied at once: "Well, one's tall and straight while the other is a round cup on a little pedestal; one's full of milk and the other of water; this is a fancy glass and that's just ordinary glass." And then she paused.

When the sister was questioned in the same way she also answered immediately but her reply was: "They're both glass; and they both contain liquids; and the liquids are both drinkable." And then she, too, paused for breath and another rush of ideas.

A year or so earlier I had had an opportunity to try a similar experiment on a selected group of senior electrical engineering students at Pennsylvania State College, but I put the inquiry in abstract terms instead of testing the response to a specific question. "When you are confronted," I said, "by a new situation, by a new fact or theory or something new, how do you instinctively react? Do you see first the similarities between the new situation and others which you have faced? or do you appreciate first differences and recognize the dissimilarities between the present and other situations. Only one idea at a time can rise to your consciousness even though in a moment it is succeeded by another of an altogether different character. As you con-

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

sider your own natural reactions, which would you say appealed to you first, similarities? or dissimilarities? Write down an "S" in the first case and a "D" in the other."

Out of the fourteen young men selected by their faculty for scholastic ability, character and promise of successful careers as engineers, nine replied with S, four with D, and one was undecided as to his typical reaction.

The same question, when tried on other groups of engineers, has given a similar distribution of replies. Apparently, engineers as a group have no difficulty in answering such an abstract request for an analysis of their own mental processes. Similar information can also be derived, probably with equal accuracy, by considering the answers relating to special situations. Using the general question is more economical of time, however; and is preferable in all cases where it is not likely to be misunderstood or to arouse antagonism.

Almost anything may be made to serve for a specific inquiry. For example, the man who studied his daughters' reactions told me also of a question he had applied to an executive, in an industry based on scientific advances, and to an engineer, who belonged to an organization which was a consultant of that particular industry. He had been discussing the human relations of business with the executive and for illustration he picked up from his desk a calendar pad and a little box open on one side which contained small sheets of paper for memoranda. The first man when asked to compare the two objects said at once, "you can't; they aren't alike at all." The engineer, who was later asked the same question, noted four similarities before he began to mention the dissimilarities, starting with the fact that they were both pieces of office desk furniture providing loose leaf memorandum sheets, both manufactured of artificial leather, and so on.

This relatively simple classification of minds as either "S" or "D" first appealed to me after a few years' experience some time ago in selecting and introducing college trained men into a technical industry. In my early experiences there were cases where apparently the man selected for a particular type of work and the engineer to whom he was assigned for supervision, just didn't hit it off. Each usually recognized merits and abilities in the other but after a few weeks a transfer would be suggested and desired by both parties. For a time, and happily the cases weren't so very many, I had stumbled along in the dark, arriving in my own mind at some vague feeling for types and saying to myself in regard to a new man who was reporting for work: "He'll fit under Messrs. A, B and D for supervisors but he won't go at all with C and possibly not under E." An increasing amount of experience aided but a more general rule was needed.

The problem did not appear solvable by *a priori* reasoning. A certain number of cases were required before one could generalize; but each new

man and each supervisor was a human being with all the usual complexity which that implies. What was the important characteristic which made or marred the first industrial experience of a newcomer to industry? It was only the first or second assignment which was of primary interest; for after a reasonable amount of industrial experience it appeared that markedly different types could learn to harmonize and cooperate. The wastes of industry seemed to centralize in the earlier assignments. If those could be properly chosen the maladjustments would be largely avoided.

It was desirable, therefore, to find the particular element or characteristic which produced a polarity in an individual and influenced his instinctive relation to another in attacking cooperatively some engineering (or business) task. Unlike magnetic polarity it seemed probable that the likes attracted or agreed; and unlikes repelled or failed to harmonize.

A Criterion for Human Adjustment

After a time I came to the conclusion that I had found one and perhaps an important criterion for human adjustment. I expressed it to myself in the more or less current psychological terms of introvert and extravert, forming a rule not to *start* a marked introvert under a pronounced extravert, or *vice versa*, although after a couple of years of experience in industry the same two men could be put into the relation of supervisor and assistant without much difficulty.

The psychological terms, however, had the disadvantage of being too broad, too vague in their definition. They were certainly not used in the same sense by all writers on psychology or on problems of personnel, and even sometimes appeared in the literature with diametrically opposite meanings. In formulating my rule of action I had, in fact, no clear definition but rather a background of uncoded experience—or at least of no more than a sub-consciously codified experience. Some simple and definite expressions were needed. All I had arrived at was really the fact that there were two types which in the early days of business relationship mixed like oil and water, even though after more industrial maturity they might form a good emulsion. By experience I could, more or less successfully, distinguish the types; but I couldn't tell how I did it; and, of course, I couldn't be sure that my judgment of type in any case was correct.

It was about that time that my work shifted from personnel to a related field although my interest in that particular problem persisted. Freed from the pressure of a frequent necessity to decide in such matters it became possible to look back on past experience and see it as a whole with a proper proportion between the mass of cases and the unsettling exceptions. It then became clear that the characteristic which was sought was the instinctive approach to a problem. Did one see first the similarities or the dissimilarities?

Some psychologists classify an interest in similarities as typical of the introvert, and in dissimilarities of the extravert. Those may be unimportant characteristics so far as general use of the terms is concerned but they appear to be of primary importance in the solution of some personnel problems.

A recognition of the fact that individuals differ in either an "S" or "D" way of reacting to new situations is of no particular value to the employment man who is hiring workers for routine tasks. It probably makes small difference whether one places an S-type piece-worker in a factory under a D-type supervisor or vice versa. But it certainly makes a considerable difference when tasks are concerned where reports, designs, plans and recommendations are to be made by one employee under the guidance and approval of another.

That was the case in the employment and placement work which started the matter under discussion. A hundred or two engineers and scientists were being added each year to a staff of several thousand to study, investigate, design and develop methods and equipment which would make telephony more reliable, more convenient, more economical, faster and over greater distances. Each new man, as he entered, joined a small group of workers, concerned with some one of the many phases or projects under way, and reported to an engineer who was at the same time a supervisor, a teacher, a leader and a fellow member of the technical staff. Unless they approached the problems in much the same way, unless their frequent conferences as to the progress of the work were based on a mutual confidence in the intellectual processes of each other, the best results couldn't be obtained and cooperation was incomplete.

If men under such conditions instinctively start their mental approaches to common problems from opposite angles, each thinks the other is missing the point and off on a tangent. As capable engineers each can see both the similarities and the dissimilarities in the problem under consideration. The difficulty is that Mr. S starts the discussion with a fact which Mr. D puts late in his list of factors. After more industrial experience of course, they allow for such differences of approach; and departing from the order in which they would naturally express their thoughts, they start a discussion with their later rather than their earlier observations.

That difficulty is not limited to situations where one man reports to another in a business organization. It enters into many other human relationships and affects campaigns of advertising and selling. In such campaigns the emphasis is on dissimilarities and the exceptional qualities of the goods. And that is as it should be, because the majority of individuals is undoubtedly of the D-type. In the professions, however, law, medicine, engineering, and the others, the proportion appears to be reversed and the S-type predominates. Publicity specifically directed to such groups, particu-

larly in matters relating to their profession, need not be written in the same tone or with the same approach as would be employed for a general audience. An approach to that section of the public in the S-manner will appeal to the majority of its members and not be ineffective with the minority of its D-type members, because they are trained and accustomed to reviewing quickly both similarities and dissimilarities.

Adopting the wrong approach to a professional group is not usually, therefore, a serious error. But in the reverse direction, when a profession tries to appeal to the general public its predominant tendency to see the similarities usually results in its making the fatal mistake of an S attack on the D mind. Creative work and discoveries and particularly brilliant developments of unifying theories come most frequently from the S-type of a profession. And that type is often inept at presenting its ideas except to an audience of its peers—to S-minds trained in the same subject matter.

Presenting Material Effectively

That, of course, is where the popularizer of technical material may function, not only interpreting to a general audience but presenting the matter in a manner suited to its majority of D-types. How very often a professional man with important achievements fails to carry across to his audience! not entirely because his material is difficult or beyond its comprehension but because he starts with the general case, with a group of similar phenomena, and arrives last at the differences which distinguish the particular case with which he is concerned. Let him begin with the dissimilarities, with the concrete illustrations, and later reach, for a then sympathetic audience, a final generalization.

In that way he will avoid the feeling of his auditors that he is "academic," a "theorist," "an impracticable dreamer," "way up in the clouds" and "over their heads." On the other hand the D-type, when called upon to address an audience which is chiefly of the opposite kind, may miss the criticism of being "a hot air artist," "just a jokemaker," or a "stuffed shirt" expounding platitudes, if he will admit that his geese are not all swans and some of them may be the lamellirostral birds to which they have resemblance.*

It was with the hope of avoiding justifiable criticisms on the part of its D-type readers that this article began with concrete cases and with differences. But it is equally with attention to the S-type that it ends with an admission of being only a small aspect of a large general problem of psychological classification and of human relationship.

* AUTHOR'S NOTE: The reason usually that one sees his geese as swans is because he emphasizes the dissimilarities between his particular goose and geese in general until finally he is conscious only of its swan-like features. The person who is interested more in similarities than dissimilarities recognizes common features between his particular pet and geese in general. To emphasize that point I searched for the longest word which I could find which was a general classificatory term for geese. I did not assume that my readers would necessarily be familiar with the word, but would probably recognize that it was a zoological classificatory term. It means, of course, having a lamellate beak or bill. If one is conscious of similarities he has a hard time proving his pets to be swans.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Executive Policies for 1931

A suggestive executive questionnaire is given:

1. Have we put the question mark to our selling methods in the same intensive way that we have applied it to operating methods?

2. Are we entering the sales battle of 1931 armed with effective ammunition regarding the recent product improvements?

3. Are we setting aside in our budgets a sufficiently increased amount for sales effort to meet the higher buying resistance?

4. Have we increased our advertising efforts and made them more calculated to appeal to the frozen pocketbooks?

5. Are we unconsciously letting the clouds of pessimism obscure the sunlight of sales opportunity? Are our salesmen "depression minded"?

6. Are our products on a legitimate price level for 1931? If so, what are we doing to prove this point to the gentlemen from Missouri?

7. Is our sales presentation, in general, the same as it was two years ago? Do not we need a rather complete revision of it to meet altered conditions? By John H. Van Deventer. *The Iron Age*, Jan. 1, 1931, p. 78:3.

Plans That Whipped Depression

While most of the world has been bemoaning hard times a number of nationally known corporations have gone ahead to increased profits. The leaders of many of these firms explain in this symposium just how they changed their plans to fight back against depression. One general note

running through all the answers is that the depression was a signal for harder work all along the line; that one redeeming feature of depressions is the greater efficiency they create throughout a business. American business generally, it is believed, will step forward into the coming period of better business with the greatest efficiency in its history. By William A. McGarry. *Nation's Business*, January, 1931, p. 15:5.

Why France Is Top-Dog

A commentary on French industrial, agricultural, political and private life which is summed up in a sentence from the economic bulletin issued by the National City Bank of New York, namely: "The business situation as a whole is what the millions of people make it in the management of their private affairs." By Freeman Tilden. *World's Work*, January, 1931, p. 37:5.

The Coming of Industry to the South

Including—Southern Textile Manufacturing, Tobacco Manufacturing in the South, the Iron and Steel Industry of the South, The Lumber and Forest-Products Industry of the South, Chemical Resources and Industries of the South, The Power Situation in the Southern Power Province, Industrial Development in Virginia, Industrial Development in North Carolina, The Industrial Development of Tennessee, Industrial Alabama, Women and Children in Southern Industry, Negroes in Southern Industry, Organization of Labor in the South, Workmen's Compensation Legisla-

tion in the South, Transportation Developments and Economic and Industrial Changes, Banking in the South: Its Relation to Agricultural and Industrial Development, The South's New Industrialism and the Press, Southern Industrialism: A Way of Economic Recovery and an Opportunity for Social Mastery, and others. *The Annals of the American Academy of Political and Social Science*, January, 1931.

The Manager of Tomorrow

Tomorrow's manager will have a sense of trusteeship. He will secure co-operation, be aware of the importance of human welfare and be scientific in methods and attitude. He will encourage research and will have been trained into high professional competence. By C. H. Northcott. *Industrial Welfare and Personnel Management*, January, 1931, p. 6:2.

British 5-Year Plan Is Proposed to Save Nation's Industries

Reconstruction of the British economic system from top to bottom is proposed in a new five-year plan for Great Britain which has just made its appearance and which is certain to start a ferment of discussion in all parties as its implications are understood. Fully as drastic as Russia's experiment, the new proposal would transform the British economic structure to enable it to keep pace with the United States and Russia and to save the British nation from economic decline. The most striking of the dozens of concrete proposals in the plan is the transformation of

all industry, transport and commerce of Britain into a series of great amalgamations or federations on the lines of public utilities. Workers and consumers would be represented in the new organisms and within each industry competition would be restricted and in many cases eliminated. The plan is the work of experts in many fields. The authors of the plan frankly fear that Britain will be left to a slow economic death unless she resolves on heroic remedies. *The New York Times*, Feb. 16, 1931, p. 1.

Census of Manufactures: 1929

The Bureau of Census has announced the publication of summary statistics by industries, compiled from data collected at the Biennial Census of Manufactures taken in 1930 and covering industrial operations in 1929. Preliminary reports for all the important industries, giving detailed statistics on quantities and values of products, were issued during the period from June 26 to December 31; combined totals for 196 industries were published October 1; and a summary presenting aggregates for all industries was made public under date of November 8. The present report, which gives summary figures for individual industries, completes the series of preliminary industry reports of the recent Census of Manufactures, which was taken as a part of the Fifteenth Decennial Census but which was also included in the biennial series covering the past decade. *U. S. Department of Commerce, Bureau of the Census*, December 31, 1930.

Public Relations

Taking the Company to the Public

The director of public relations of the J. C. Penney Co. describes their travelling style show, the 4-H clubs which interest boys and girls in helping produce better farm products, and various other ways of personalizing the company to its public. By Roy H. Ott. *Chain Store Age*, February, 1931, p. 27:3.

What Is this Thing Called Public Relations?

The real purpose of public relations is the development of a partnership or co-operative movement which will result in benefits both to the company and to the communities in which it does business. The Superintendent of Public Relations at the Western Electric Hawthorne Works tells

how his organization works toward this end through such mediums as the daily press, articles in magazines and trade jour-

nals, activity in civic organizations, etc. By C. W. Bergquist. *Manufacturers News*, December, 1930, p. 47:2.

FINANCIAL MANAGEMENT

Budgeting Men, Merchandise and Money

The practice of the W. T. Grant Company, which opened 70 new stores in 1930, almost all of them enjoying a comfortable business from the start. Much of this company's success in budgeting its operations is due to the training and co-operation of each store manager in the preparation and execution of budget figures. By B. A. Rowe. *Chain Store Age*, February, 1931, G. M. Sec., p. 3:4.

Costing in the Chemical Industry

Principles underlying costing in the Chemical Industry are discussed by the Cost Accountant to Brotherton & Co., Ltd., of Leeds, England, under the following headings: raw materials; steam production and consumption; electric power; labour; repairs and engineers stores; plant records; plant efficiencies; product sheets; overhead charges; and general remarks. Among the forms which are reproduced are the following: labour time sheet; wages analysis; and stores demand. The second portion of the article will appear in the February issue of *The Cost Accountant*. By L. Staniforth, A. C. W. A. *The Cost Accountant*, January, 1931, p. 219:8.

Warehousing Protects Credits

Manufacturers' sales on consignment endanger credit lines for the following reasons: As a result of consignment selling manufacturers' inventories become over-extended; consigned goods may be lost to the creditors of a dealer in case of a dealer's bankruptcy unless the state laws are strictly followed; a large volume of consignment sales is an indication of a second rate selling force. All these dangers and evils of consignment selling may be overcome, the author believes, by stor-

ing the consigned goods in a public warehouse rather than on the dealers' shelves. By H. A. Haring. *The Bankers' Monthly*, December, 1930, p. 21:3.

A Calculator to Determine Investment Values

An interesting graphical method is presented for determining investment values. By means of the nomogram which accompanies this article a purchaser may determine how many years he must wait before he may receive a certain yield on an investment. Similarly, by performing the same operations in the reverse order, he may determine the expected yield on an investment after any number of years. By W. S. Scheering. *Barron's*, January 5, 1931, p. 9:1.

Cash Dividends Versus Stock Dividends

It has so long been the custom for corporations to distribute regular dividends in cash that the comparatively recent tendency to distribute dividends in stock becomes a sharp exception to the rule. An attempt is made in this article to remove some of the prejudice and misunderstanding surrounding the newer dividend-in-stock-policy. In the first place, the inclusion of the word "dividend" in the term "stock dividend" should be sufficient to indicate that the distribution must come from earnings, past or current—otherwise, it cannot be classified as a dividend at all. This fact, which is not altered by either the size or the regularity of the stock dividend, is basic. Any distribution to stockholders as a dividend which does not actually emanate from earnings present or past constitutes willful misrepresentation of a variety not associated with honest manage-

ment or approved by reliable accountants. The author draws attention to the fact that the regular stock dividend is more naturally characteristic of a holding company than of an operating company and gives the reasons why this is true. A method is presented by which any stockholder receiving regular stock dividends may readily tell whether his corporation's use of such a policy is constructive. By Arthur W. Joyce. *The Atlantic Monthly*, January, 1931, p. 44:2.

Cost Accounting in Tire Production

Cost finding methods used in a large tire company are explained in this bulletin in detail. The system has been very much simplified within the last three years. Detailed manufacturing costs are no longer worked out on some 250 to 300 individual sizes. The company no longer depends on the cumbersome method of weighing tires at the building operation and averaging for material costs. Many detailed production and inventory records for goods-in-process have been dispensed with. And yet the company is in a much better position than before to obtain rapidly the many special costs required in the highly competitive field of tires today. More useful control statistics are also now being furnished to the factory management. The most gratifying result of the changes has been the saving realized by reducing the personnel of the cost accounting unit proper—as distinguished from property, stores, and general accounting—to one-half the former force. By A. C. Litchfield and C. M. Spining. *N. A. C. A. Bulletin*, January 1, 1931, 13 pages.

The Insolvency Record for 1930

Business conditions in the United States during 1930 were probably more involved in difficulties, through a combination of political, financial, and economic disturbances, all of them tending to complicate a situation already overcharged by adverse circumstances, than in any previous year. In number and liabilities, both com-

mercial defaults as well as those of banking institutions, exceeded any previous record. Returns to R. G. Dun & Co. for the year indicate 26,355 mercantile failures in the United States with a total indebtedness of \$668,283,842. The highest previous record as to the number of commercial defaults was 23,676 in 1922 and \$627,401,883 for liabilities in 1921.

The report of banking failures for the past year, issued by R. G. Dun & Co., gives the number as 934 and the liabilities as \$908,157,788. More than nine-tenths of these defaults occurred in the West and in the South. For the New England States there were several banking insolvencies, but the amount involved was not large. One default in New York City accounted for the greater part of the liabilities for the three Middle Atlantic States. In the Western, or Mountain, group, as well as in the three Pacific Coast States, banking failures were comparatively few, and the liabilities small. *The Commercial & Financial Chronicle*, Jan. 31, 1931, p. 717:2.

How We Finance the Individual Automobile Buyer

Seven months ago the Central National Bank, Oakland, Cal., adopted a plan under which it provided cash funds for the purchase of automobiles by individuals who repay the bank in monthly installments. In these automobile financing transactions the bank, reversing the usual procedure, deals directly with the purchaser instead of through the dealer. Thus, it is necessary to analyze the credit standing of the applicant and accept only such risks as conform in every respect to sound banking requirements. This personal contact practically eliminates questionable risks and enables the bank to handle the business at a rate that is appealingly low in comparison with that demanded by the traditional methods of automobile financing. As a matter of fact, rejections have been notably few; through the mediums of newspaper advertising and folders, the bank has appealed primarily to those who know something of banking practices and stand-

ards. No losses whatever have been suffered and delinquencies have been negligible.

A typical case of the operation of the

Insurance

Management Trends of Significance to Life Insurance Companies

The important management trends are discussed: 1. The trend toward large scale operations. 2. The trend toward setting up an organization in terms of jobs to be done that require certain qualifications. 3. The decentralization of responsibilities in operating units. 4. The setting up of standards of operation. 5. The establishment of staff departments, partly to help establish standards of operation and to compare results with those standards, and even more important, to help develop executive capacities.

The great need of large scale operations is the development of potential executive ability through clear-cut assignment of responsibilities, the decentralization of those responsibilities, the setting of standards of operation and comparison against those standards.

These combined offer opportunity for development through experience and initiative. They provide for the discovery of successful executives through comparison against standards. In other words, they provide opportunity for encouragement to and for discovery of efficient executives and they do it in terms of those organization principles without which large scale operations will be of doubtful economic or social merit. By W. J. Donald. *Proceedings of the Twenty-fifth Annual Meeting of the American Life Convention*, October 1, 2, 3, 1930, p. 112:26.

Employer Non-Ownership Automobile Liability

An employer may be held financially liable for the negligent acts of his employees in driving their own automobiles in his business. Claims for injury or

plan in actual practice is outlined in this article. By C. T. Hoos. *American Bankers Association Journal*, February, 1931, p. 7:3.

damage are more apt to be made against the employer if the financial responsibility of the employee is doubtful and if there is the slightest possibility of establishing an agency relationship between the two at the time of the accident. Where claims against the employer are successful the verdict usually provides a larger award than would be made if the suit were brought against the car owner, so even though the ordinary 5 and 10 policy is carried by the employee the employer may not be fully protected unless non-ownership liability insurance is carried. A recent decision in the State of Alabama also established the subsequent right of the employer to bring action against an employee, who has been responsible for an action that has resulted in a verdict for damages, and the employer's insurance carrier has a right of subrogation against the employee. The owner of the car is primarily responsible, therefore, in spite of the use of his car for company business. This right of the employer is of slight value if the employee's financial standing is doubtful or a concern for employee relationships makes such action inadvisable. By A. B. Nickerson. *The Weekly Underwriter and Insurance Press*, January 10, 1931.

Insuring Unemployment

The movement to foist upon this country some system of unemployment insurance comparable to that of Great Britain is gaining ground rapidly. A development which a few years ago seemed completely alien to American political institutions and social life has already gained adherents among fairly conservative groups. Perhaps the most dangerous advocates of the system are those enthusiasts who argue that the United States would

profit by the mistakes of others, adopt the good, and avoid the unsound practices that have overwhelmed the insurance systems of Great Britain and Germany.

Some defenders of unemployment insurance in principle who want to see this country make an experiment with it nevertheless admit that in practice it has been perverted by Great Britain into a plan for perpetuating unemployment. By continuing to pay "doles" that have long ceased to bear the remotest resemblance to insurance benefits to the coal miners, for example, by insuring large numbers of men engaged in notoriously seasonal occupations against loss of their positions, by basing out-of-work benefits upon standardized wage rates and continuing them indefinitely, England is now committed to an annual payment of about \$500,000,000, most of which comes from loans and taxes with the addition of direct contributions that are in effect taxes upon industry.

This is only the direct cost of maintaining in idleness a large body of workers of the country who must be supported by those who are actively engaged in industry. The indirect cost of the system is, however, infinitely greater and threatens to undermine the whole industrial structure unless a halt is called. One English manufacturer has said that the system is well named "Unemployment Insurance" because it insures that there shall be unemployment, and he proves his contention. Wage workers organized to prevent reduction in wages cannot long resist the pressure of irresistible economic forces under normal conditions, but they can and they have resisted them in England because the unemployed man is kept from pressing his claims by being given a dole.

This insurance against wage undercutting is undoubtedly regarded as one of the virtues of unemployment insurance by many advocates, but it ceases to seem so to the alarmed industrialists who find themselves confronted by organized opposition to any and all of the necessary readjustments of costs that would enable industry to make a fresh start and open new opportunities

to the army of the unemployed. There is little reason to suppose that the United States in adopting unemployment insurance could avoid the pitfalls that have put the English in a sort of industrial strait-jacket. If we cannot induce our legislators to distinguish between productive loans and charity in making emergency advances to the farmers of the country, there is no reason to suppose that they would recognize a distinction between the kind of payments that are genuine insurance benefits and those that are in the nature of relief or doles. *Journal of Commerce*, December 16, 1930.

30,000 Concerns Insure Seven Million Employees

About 30,000 American businesses will have ten and one-half billion dollars of group life insurance in force on their seven million employees by the end of 1930. Because such insurance has been in force, families of 61,000 American workmen (51,000 dead through accident or disease; 10,000 disabled) will have received ninety million dollars. Payments this year will exceed by twelve million dollars those of last.

Sales of group insurance for the first ten months of this year totaled nine hundred two million dollars, which was 3.9 per cent less than for the same period of 1929, which in turn, was less by 11.3 per cent than for the same period of 1928, much of the 1929 drop coming in September. *The Business Week*, November 26, 1930, p. 11:1.

Some Effects of the English Unemployment Insurance Acts on the Number of Unemployed Relieved Under the Poor Law

By Helen Leland Witmer. *The Quarterly Journal of Economics*, February, 1931, p. 262:27.

Unemployment Insurance: Tabular Analysis of the Legislation in Force

International Labour Review, January, 1931, p. 48:19.

OFFICE MANAGEMENT

Organization: Job Analysis, Employment, Pay, Tests

Centralization Saved 10 Per Cent

Before the centralization plan of the Kraft-Phenix Cheese Company went into effect, 45 girls did secretarial, stenographic and typing work. This section of the personnel has given way to four secretaries, nine departmental stenographers and 24 dictating machine operators and typists. The company has also centralized filing, tabulating and calculating. An accurate record of individual production is kept in order to determine a definite cost per unit of work and centralization provides the logical set-up for measuring the work of individual employees. This figure affords a firm basis on which to work in an endeavor to effect economies in operation. By Andrew Robinson. *System*, February, 1931, p. 118.

Centralization vs. Decentralization in Its Relation to Correspondence Problems

A group of time study forms is shown, the data from which helps to decide whether centralization or decentralization of correspondence operators will best meet the needs of the business. Other charts show comparative times and production with shorthand and dictating machines. Possible savings in personnel, space and equipment are shown graphically. *Dictaphone Sales Corporation*, 1930. 14 pages.

The New Stenographer-Typist Examination

In order to insure that stenographers and typists possess the judgment and the knowledge of grammar and spelling required for their work, the general test was introduced into the new examination developed by the Civil Service Commission. It is made up of 80 judgment, vocabulary, reading comprehension, spelling, and grammar items. The most important point in favor of the use of the new general test, is its value as a measure of the adaptability and the knowledge which a typist

or a stenographer should have, in addition to mere skill in stenography and typing. Annual Report of *The United States Civil Service Commission*, June 30, 1930, p. 36:4.

Induction of the New Executive

Executive induction practices of 27 department stores are described and discussed from four angles: procedure for employing the new executive; practices followed in familiarizing the new executive with the store and the job; incentives offered to stimulate the new executive and problems in orienting him. By Natalie Kneeland. *Personnel Journal*, Feb., 1931, p. 371:7.

Planning Tomorrow's Man-Power

Stating that any comprehensive budget plan should provide for the executive key men of tomorrow, the president of the Retail Credit Company reviews here the steps which should precede the actual selection of these executives. "The training of man power is comparatively easy—its full development extremely difficult," the author holds; he then outlines some specific personnel development policies which have been found effective in his organization. By T. G. Woolford. *Executives Service Bulletin*, February, 1931, p. 7:2.

Study the Human Element—It Pays

By a thorough analysis of the problems involved in the human element, planning the personnel budget, by carefully controlled requisitioning, by improving employment procedure and by adequate training and supervision, the Guardian Life Insurance Company developed a systematic personnel program, by which it feels it has advanced appreciably in the struggle against waste and has placed the savings in personnel on a dollars and cents basis. By Dorothy Goldsmith. *System*, February, 1931, p. 116:2.

Records: Forms, Charts, Cards, Files, Statistics**How Long Shall We Keep That Stuff?**

The summary of an investigation into how long records, documents, and correspondence are kept by different companies. *System*, December, 1930, p. 479:2.

The Daily Control Sheet for Executives

The Daily Control Sheet is intended to supplement, not to supersede, the weekly analysis of the payroll, the weekly statements of purchases and of delinquent deliveries, of raw, processed and finished material on hand, and the monthly statement of assets and liabilities of earnings, and monthly analysis of sales, of material consumed, of factory burden, etc., and of cost variations. A suggested form of Control Sheet is illustrated. It consists of one

sheet, divided into three parts under the headings Finances, Production Orders and Shipments and Operations, each in turn subdivided. This form is simple and may easily be adapted to the needs of individual organizations. By Waldo Hutchinson. *The Office Economist*, January, 1931, p. 7:1.

Benefits From Standardization of Printed Forms

Standardization of forms means simplification of methods and this spells elimination of duplication and lost motion. Savings realized in the first year become cumulative with the advance of time. Various ways of simplifying grouping and storing forms are given. By Alan D. Duff. *N. E. L. A. Bulletin*, Feb., 1931, p. 93:3.

Training and Education: Schools, Libraries, Employee Publications**New Uses for the Company Library**

The need of business libraries has developed with the increased output of printed material pertaining to business. They are no longer managed in haphazard fashion, for the company librarian has become a specialist in organization. Such companies as the Phoenix Mutual Life Insurance Company, the Studebaker Com-

pany, International Telephone & Telegraph Corporation and the Federal Reserve Bank of New York offer distinct advantages to their employees through libraries which render service in bringing before executives and employees reading matter which will be of value to them personally as well as professionally. By Ruth M. Howard. *System*, February, 1931, p. 120:1.

PRODUCTION MANAGEMENT**Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration****Out of Unemployment into Leisure**

During a discussion of the effects of various kinds of idleness the hope is expressed that industry will install more plans like that of the General Electric. This plan has the merit of avoiding many of the difficulties inherent in unemployment insurance dictated and managed by the Government. By Arthur Pound. *Atlantic Monthly*, December, 1930, p. 784:9.

Outline of Industrial Policies and Practices in Time of Reduced Operation and Employment

An outline based upon the many reports coming to the President's Emergency Committee for Employment from companies throughout the country. It lists concisely the steps taken by various companies so that information will be available to large and small companies alike, in the immediate and difficult problem of determining the

best policy for each company in the light of the particular circumstances faced at this time. A summary of more permanent policies now in use in offsetting fluctuations in operations and employment is given at the end of the outline. *Prepared for the President's Emergency Committee for Employment*, Jan. 2, 1931, 5 pages.

A Few Observations About the Personnel Job

The great importance of carefully devising a personnel program and carrying it through to the finish was recently stressed by a leader in this field, now connected with the Tuck School of Administration and Finance, Dartmouth College. Too many people, he said, set up a personnel department, adopt a personnel policy and consider the job done. Timeliness in putting policies into effect, constant thought of the ultimate aim of personnel work—teamplay, morale—considerate treatment of subordinates, making them feel a real partnership in the job, were discussed and forcefully illustrated by incidents from the long experience of the speaker in personnel work. By E. K. Hall. *Address delivered before the Personnel Club of New York*, Jan. 14, 1931.

Dole-Itis

A plea for a consideration of the British and German systems of unemployment relief in order that we may avoid the road to dole-itis. By Charles Morris Mills. *Survey Graphic*, February, 1931.

The Readjustment of Workers Displaced by Plant Shutdowns

A study of the readjustment of workers displaced by the closing of the U. S. Rubber factories in New Haven and Hartford reveals much interesting data including the extent to which the dismissal wage payments covered losses in earning power in the year following the shutdown, the conclusion on this point being that while the dismissal wage was not quite adequate to cover the lost earnings, still

by providing current spending money it was a vital factor in facilitating the readjustment. By Ewan Clague and W. J. Couper. *Quarterly Journal of Economics*, February, 1931, p. 309:38.

The Causes of Economic Depression

An attempt to classify the various elementary opinions of eminent authorities. The following theories, together with their adherents, are cited:

1. Shortage of gold, with worse to come on that account, not immediately but as time wears on.
 2. Maladjustment of gold supplies.
 3. Breaking down of the capitalistic, or individualistic, system of economy in the face of the rise of the communistic.
 4. Misconception of the nature of wages.
 5. Decay of the principle of authority.
 6. Inevitability; depressions are the natural corollaries of surges and both are the consequences of miscalculation, which in a complex economy cannot be avoided.
- The Iron Age*, Jan. 15, 1931, p. 256.

Married Women Workers

The great mass of married women who are gainfully employed are not the occasional workers concerned with earnings for a temporary period for some special purpose nor the women who work because they need such outlet for their energy. They are rather the women who work outside the home because of economic necessity. The women who perform manual labor in mills and laundries or who go out at night to scrub the floors of office buildings do not do this work for self-expression. They do it because their earnings are needed to help in supporting their families. By Ethel M. Johnson. *American Federationist*, February, 1931, p. 165:5.

The Dismissal Wage

A preliminary memorandum on this subject gives details of plans of the U. S. Rubber, Goodyear, Bethlehem Steel, Norton, American Lithographic, Belden Manufacturing, Delaware and Hudson, Ameri-

can Rolling Mill, Hart Schaffner & Marx, and other unnamed companies. From these plans it is evident that industry is beginning to assume responsibility for men dismissed, but that there is no uniformity as to degree of responsibility assumed. The dismissal wage will not solve all the problems of adjustment for men dismissed, but will be one means of alleviating technological unemployment. *Industrial Relations Section, Princeton University.*

What Rochester Industries Have Been Doing to Stabilize Sales, Production and Employment

An analysis of the replies to a questionnaire on the difficulties met, and methods and progress of meeting them, received from 69 Rochester industrial concerns in various lines of manufacture, for the Rochester Civic Committee on Unemployment.

Plant: Location, Lighting, Heating, Ventilation

Which Glass?

A discussion of the factors to be considered in glazing factory buildings, giving the results of a study of the comparative advantages of various patterns of glass. By W. L. Dixon, Jr. *Pacific Factory*, January, 1931, p. 17:3.

How RCA Victor Has Prepared Its Plant for the Upturn

The most extensive revamping of handling equipment in the radio industry that has come to the attention of the writer during the year 1930 has been in the plant of the RCA Victor Company. In the number of unusual accomplishments that have been

Up to the present business depression with its acute employment problem, the prime objective of stabilization efforts here, and doubtless elsewhere, has simply been "good management," with the interest of the business predominant. In this, stabilization of the working force has been an accompanying factor.

In the present depression, as in no other similar period, the committee observes, the effort to stabilize has been dominated by a special interest in the employee. In normal times, stabilization has tended towards steadier employment of a limited working force; in such a time as the present, it has helped maintain a large working force to spread employment as widely as possible. Examples of what individual firms have been doing and how far they have progressed toward the common goal are given. November 6, 1930. 13 pages.

achieved, this work remains outstanding. In this article some of the leading handling operations are described and a few of the many unusual features in the Victor plant pointed out. By John A. Cronin. *Materials Handling and Distribution*, January, 1931, p. 17:4.

Will Factory and City Part Company?

The opinion is expressed that eventually they will. Our experience during the present depression will probably quicken the movement toward decentralization and diffusion of manufacturing capacity. Where industry is concentrated, unemployment conditions have been aggravated. *The Iron Age*, Jan. 15, 1931, p. 221:1.

Employment: Classification, Selection, Tests, Turnover

A Method of Adjusting Turnover Rates

A method of securing "refined" labor turnover rates analogous to the refined death rates of the vital statistician is presented in this paper. It is contended that the "refined" labor turnover rates depict

the true condition of a company better than the crude rates do. Two methods have been advanced for the adjustment of total separation rates so that the varying length-of-service distributions of employees will be accounted for. These methods are

applicable to the adjustment of quit and discharge rates as well. To secure truly comparable rates, regional and industrial differences must be taken into consideration. This may be accomplished under either of the two methods mentioned above by using in the first method the normal

length-of-service distribution for the region or industry, and in the second the normal regional or industrial specific turnover rates for all length-of-service groups. By Theodore A. Veenstra. *Journal of the American Statistical Association*, December, 1930, p. 407:6.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Conferences Give Foremen Line on Responsibilities

The final appraisal of any foremanship training program is predicated on results. Tangible benefits resulting from a program of this kind are often difficult to evaluate. General benefits are more readily observed and usually include better team work among the supervisory force and improved plant conditions, such as cleanliness and order. The foremen realize more fully their responsibility to train and encourage their workmen. Foremen analyze, understand and interpret company policies. Workmen are hired more intelligently and indiscriminate discharging is almost entirely eliminated. Foremen gain a more comprehensive picture of the magnitude of

the human relations problem which constitutes by far their largest single item of responsibility. The various elements which make for the success or failure of a foremanship training plan are considered; conference outlines or text material; type of conference leader; size of group; attendance rules, voluntary or compulsory; accommodations for meetings, etc. By Ansel R. Peirce. *Steel*, Feb. 12, 1931, p. 44:2.

Providing the Business Background

A delineation of the weekly conference plan of the Boston Edison Company which has been found valuable in training employees. By R. B. Brown, Jr. *The Magazine of Light*, January, 1931, p. 26:2.

Benefit Systems and Incentives: Pensions, Vacations, Profit-Sharing, Wage Plans, Suggestions, Stock Ownership.

For Group Insurance, See Insurance Section.

Standard Oil of N. Y. Aids 45,000 Workers in Huge Pension Plan

An industrial insurance and pension plan for the employees of the Standard Oil Company of New York, to be administered by an insurance company will replace the self-administered one heretofore followed by the company.

Under the plan, retroactive to January 1, 1931, men are to be retired at 65 and women at 55, on pensions that are roughly equal to 2 per cent of their average previous salary multiplied by the number of years the employee has spent in the company's service. An employee retiring after thirty-five years of service would thus re-

ceive at least 70 per cent of his average previous pay, the announcement points out.

In addition, the plan provides for death and disability benefits, independently of the pension allowance. The company is to bear approximately three-fourths of the cost of the plan and the employees one-fourth. *New York Times*, February 4, 1931.

Bonus in the Shipping Room

The group incentive based on the principles of the standard-hour plan and using "containers" rather than product itself to measure production described here, commends itself as a simple, easily work-

able wage incentive that can be adapted to any set of conditions found in the shipping department. It involves little extra clerical work and permits the shipping department to be placed on a wage-incentive basis with the resulting savings in labor cost. By Robert F. Miller. *Factory and Industrial Management*, January, 1931, p. 65:2.

Employee Participation 85 P. C. in Insull Utility

In six subsidiaries of the National Public Service Corporation 100 per cent of the employees own preferred stock, according

to Harry Reid, president. In addition to the six companies with complete employee ownership two others have large percentages of participating employees, one to the extent of 98.5 per cent and the other to 81.5 per cent. Of a total of 3,600 employees, 94 per cent are investors in their own companies.

For the National group as a whole, including the National Electric Power Co., employees participation stands at 85 per cent. This covers 14 of the largest operating companies in the group with 5,936 employee stockholders out of a total of 7,005 regular employees. *Journal of Commerce*, Jan. 12, 1931.

Shop Methods: *Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study*

A Turnover of 30 Times A Year Through Mastered Control

To obtain a more uniform flow of materials, thereby lessening inventory investments, Peerless Motor Car Corp. in the past fifteen months reorganized all manufacturing activities, basing its new program on latest developments in production planning and management. Under normal conditions it now turns over its productive material thirty times a year, yet maintains sufficient inventory to make any of 720 different body styles in the regular processing time of ninety-six hours. The amount of inventory is governed by monthly sales forecasts which act as a master production schedule regulating the purchase and delivery of all materials. By L. A. Baron. *The Iron Age*, February 12, 1931, p. 533:6.

Graphic Inventory Control

Industry, like science, must be built upon the firm foundation of demonstrable fact. More and more is it turning to the scientific viewpoint. The Production Manager of L. C. Smith & Corona Typewriters, Inc., explains in considerable detail, in an article of four installments, a visual control of inventory which has been doing a

real job at the Corona plant for years. It is a highly specialized application of the graphical method of portraying facts, a centralized master control of all information relating to the purchase and stocking of raw material and the manufacture of parts for the products of the factory. It is capable of expansion and of use in the control of many types of standard products in quantity production. The writer lists some of the advantages of the system:

1. It furnishes a centralized graphic tie-up between finished parts, parts in process, and raw material on hand and on order.
2. It provides a perpetual inventory, sufficiently accurate for control purposes, of all the items enumerated.
3. It adapts itself easily to a fluctuating assembly production.
4. It enables the maintenance of the lowest possible raw-material and process inventories compatible with smooth manufacturing operation.
5. It requires less operating personnel than any other scheme developed at the Corona plant. One clerk, and a woman, half-time, can do all the routine work necessary to operate the boards in this factory. About 1,800 different parts and 475

different sizes of raw material are efficiently controlled.

Finally, it is scientific in character, largely replacing guesswork and approximation with definite, accurate facts and figures. By E. J. Keller. *Factory and Industrial Management*, Nov., 1930, p. 991:2; Dec., 1930, p. 1172:4; Jan., 1931, p. 63:4; Feb., 1931, p. 241:4.

The Foreman's Job in Slack Times

Some of the points which the management should see that the foremen consider in cutting down the force from a rush-time to a slack-time basis are as follows:

1. The efficiency of the worker
2. The cooperativeness of the worker
3. His family and financial responsibilities
4. Length of service, as such
5. Length of service along with quality of work
6. Whether or not the men are being actually discharged or simply laid off, and whether they have understanding of the case
7. The possibility, in case there is a pension plan, of interfering with continuous service which would apply on a worker's pension
8. Whether or not the worker is subscribing for company's stock
9. The possibility of exchanging men with other departments, or of finding work for them in other departments where they would be valuable
10. Whether or not, once laid off, the worker could get a job of any kind (age-limit; physical disability)
11. The possibility of giving men less important work at a lower rate; their attitude about it and their aptitude for the work
12. The possibility of doing necessary maintenance jobs with production workers
13. The attitude of the management with regard to all these considerations.

To keep morale at a normal pitch during abnormal periods:

1. The foreman should take extra pains to be business-like, alert and punctual him-

self. Frequently, during slack periods, foremen allow their own morale to be somewhat diminished with the inevitable result that workers go them one better.

2. The foreman should be instructed to be extremely careful as to what information he gives out regarding prospects for more or less work, orders on the books, etc. He should make it a point never to speculate about the prospects of the company, never to repeat gossip either well founded or unfounded, and, if he cannot honestly tell an optimistic story, to say nothing.

He should be told that, if he has views on what the company should have done, but didn't do, he had better keep them to himself. Nothing destroys the morale of workers like a consciousness of disagreement between their bosses.

3. At the first signs of carelessness or slackness among the men, the foreman should take the offenders aside, one by one, and explain to them, carefully and thoroughly, in his usual manner, that such actions cannot be tolerated. It isn't necessary to bring in, at first, the fact that there are many men for one job, although this can be touched on if necessary.

4. All routine activities should be kept up as much as possible. This relates to the posting of notices and displays in bulletin boards, etc., safety activities; neatness and good housekeeping; care of wash-rooms, toilets, etc. When a plant begins to have a shut-down look it is difficult to keep the morale of workers at anywhere near proper pitch.

5. The foreman should be extremely careful that there is no waiting between jobs. Work can and should be planned as carefully during slack periods as at any other time. To have idle time between jobs is a sure sign, to the worker, that work is scarce, and is the best excuse for him to take matters into his own hands and stretch out what work he has to its elastic limit.

6. Finally, the foreman should keep in mind at all times that a period of depression is only temporary, and that everything

he does may be considered as preparation for busier times in the near future. If he really believes this and sells the idea to his men, and talks optimistically but sensibly about future prospects, they will be

heartened and encouraged, and will be more likely to regard their emergency work as important enough to do to the full extent of their ability. By Harold Attwood. *The Iron Age*, Jan. 22, 1931, p. 306:4.

Labor Relations: *Collective Bargaining, Employee Representation, Arbitration*

Industrial Arbitration—A New Plan

Recent developments in the relations between employers and employees in the full fashioned hosiery industry include an agreement between the employers' association and the union, an unemployment

fund administered by an impartial committee and a joint employment bureau. The employers contribute one per cent of each weekly payroll and each union member contributes one per cent of his weekly wages to the unemployment fund. *Information Service*, Dec. 20, 1930; p. 1:3.

Research and Experiment

Small-plant Successes—Research Sees Us Through

There are three major ways in which a laboratory staffed by competent scientists will earn a profit and become an absolute necessity. These are: 1. Research in materials, processes, new products, uses of products both for the plant and for its customers; 2. Control of materials, processes, products; 3. As an emergency organization, trouble-shooters when trouble arises. A laboratory is perhaps more urgently needed in a small plant than in a large one, because the small plant lacks the large resources which a big company can

use to make harmless the results of mistakes and failure to progress. A few of the experiences of the Fansteel Products Company, Inc., in which money spent on the laboratory has far more often than not been justified are told by the Chairman of the Board, who says that, "although there have been many periods when drastic retrenchment was necessary, the research and development end of the business has always been the last to be reduced and the first to be continued on a full-time basis when business picked up." By J. M. Troxel. *Factory and Industrial Management*, January, 1931, p. 35:3.

MARKETING MANAGEMENT

When Brands Face Falling Prices

In the last few months the discussion about private brands as against advertised brands has been renewed. The feeling has been that private brands were gaining because advertised brands were reacting so slowly to a general price decline. In this article the Director of Research, McCann-Erickson, Inc., gives his view of the situation. The claims of manufacturers of advertised goods that it would disorganize and disrupt the market if they reduced the

prices of their goods during the present drop in commodity prices and that, if they lowered their prices the benefit would not be passed on to the consumer, are only partly true, according to Mr. Weld; he adds, "The store that holds out for larger profits during a period of declining prices and of trade depression will lose business and play into the hands of the chains."

Depending primarily on the importance of raw material prices in the cost of production, the prices of some branded ar-

ticles should (and usually do) fluctuate with changes in raw material prices. On the other hand, the cost of raw material is such a small factor in the total cost of producing and marketing many products that a change in raw material prices cannot be reflected in the wholesale or retail price. From this it will be seen that in the nature of things, the price differential enjoyed by most branded goods as compared with the ordinary run of goods tends to disappear in a period of rising prices, and to widen out in a period of falling prices.

Mr. Weld also discusses the problem of cut prices, the worry caused by low-priced brands and the continuing expansion of the market for branded and advertised goods.

From the analysis presented in this article it is safe to conclude that there is little reason for fear for the future of nationally advertised products. The whole tendency is toward mass production and distribution, and this calls for a wider and wider use of goods of standardized quality, described to the public through advertising. One of the best ways to cut down the high cost of retailing is to educate consumers as to what to ask for, thereby reducing the amount of retail salesmanship necessary.

Furthermore, the manufacturers who do the most effective advertising are the ones who get the business, thereby allowing them to increase their sale of operations and to enjoy reduced production costs, an influence, that, in the long run, tends to reduce prices. By L. D. H. Weld. *Nation's Business*, January, 1931, p. 35:3.

Which National Brands Must Fear Private Labels Most?

The writer reviews what facts about private brands we have to go on in this present-day controversy—how serious the problem really is. Such recent investigations as those made by The New Era in Food Distribution, by Walter Mann and Staff for the Household Magazine the Meredith Publishing Company indicate that the private brand problem has by no means

equal importance to all manufacturers nor to all commodities.

The private brand problem is an old one; the major difference between 1910 and 1930 is that today retail outlets are organized in regiments under leadership and discipline which is powerful enough to make it difficult for some manufacturers (chiefly those putting out staples as contrasted with specialty products) any longer to use consumer demand and consumer acceptance, developed with heavy advertising appropriations, as the chief means of herding unorganized retailers "into line." By V. H. Pelz. *Printers' Ink Monthly*, Feb., 1931, p. 29:2.

Smoothing the Way From Maker to User by Coordinated Merchandising

Seeking to strengthen its retail distribution, Bigelow-Sanford undertook a national survey and discovered many things. One of the most notable of these was a vast unexploited market for its products. In this article, the president of Bigelow-Sanford tells of the unique selling course which his company offers to retailers' salesmen, and of the thoroughgoing plan of dealer cooperation—both of which are helping to win new customers. By John A. Sweetser. *Executives Service Bulletin*, February, 1931, p. 3:2.

Do Jobbers Deserve the Same Price as Chains and Mail-Order Houses?

A manufacturer tells why his overhead is 30 per cent greater in selling the jobber. By A. H. Deute. *Printers' Ink*, Feb. 12, 1931, p. 3:5.

Budgeted System of Dealer Buying Increases Sales of Parker Pens

Stocking the dealer with no more than his potential sales indicate he can safely handle was the basic idea in the installation of the Parker plan. Accurate account is kept of the dealer's stock and the salesman prepares a budgeted inventory showing in detail the stock needed to do the expected business based on the record of past business. The plan benefits the dealer

in that it tends to spread buying over the year, so leveling up peaks and valleys and because, also, of the goodwill entertained toward him by dealers who have witnessed at last a plan which actually proved profitable to them. It benefits the dealer by giving him a perfectly balanced stock, maximum turnovers producing a maximum return on his investment. It benefits the consumer by providing him with a constantly replenished and up-to-date fresh stock from which to make his purchases. The plan is described in some detail and

forms used in it illustrated. By Victor A. Smith. *Marketing*, Jan. 31, 1931, p. 60:2.

Profit Management

The vice-president of the Bristol-Myers Company says that we must come closer to a coordination of the distribution processes with other departments of the business. Too much attention has been paid to details and not enough to the situation as a whole. By Lee H. Bristol. *Printers' Ink*, Jan. 22, 1931, p. 105:3.

Sales Promotion: Letters, House Organs, Advertising

How Melville Boosted Sales When the Going Was Hardest

The president of the Melville Shoe Corporation tells how methods were improved in the fifteen factories that supply Thom McAn stores and describes various ways in which local sales were stimulated. A 10 per cent retail price cut was effected without changing wages anywhere. Contacts with local Chambers of Commerce were helpful, and store managers take other positions of responsibility in their communities. By Ward Melville. *Chain Store Age*, Feb., 1931, p. 21:3.

These are complete stories of well-thought-out plans to enable the lumber dealer to find new Upson board accounts. By Clifford Wood, Jr. *Class & Industrial Marketing*, January, 1931, p. 68:3.

New Packages, New Sales Appeal

The Cotton Picker, a package for absorbent cotton, has helped to merchandise an old product successfully and has also acted as a wedge in obtaining distribution for other Bauer & Black products. By L. M. Cole. *Sales Management*, Jan. 17, 1931, p. 104.

Selling Magazines Helps Us Sell More Groceries

Two thousand of the Kroger Grocery Stores are now selling magazines and find that the advertising in them is having its effect. By C. H. Shoenberger. *Chain Store Age*, Feb., 1931, G. P. Sec., p. 5:3.

Will Chain Advertising Fight National Brands?

A discussion of the development of chain and voluntary chain advertising, concluding that manufacturers have got to stop trying to force their products into the "loss leader" class and start getting them into the "manufacturer-distributor-co-operative" class. By Lewis C. Shave. *Printers' Ink Monthly*, January, 1931, p. 31:2.

Leadership

The Upson Company (wallboard) has constantly developed products, markets and has been adventurous in merchandising. An unusual service to the customer is a studio of decoration and color to which problems in decoration are submitted. In lining up new business direct mail plays an important part in the industrial department. During this year a series of comprehensive booklets under the title "Profit Helping Plans" are being issued to dealers.

Forecasting the Trade Winds

Examples are given of the results of sales research in various industries. The Trade reporter ferrets out the merchandising facts and markets for the products, actual or contemplated, of American mines, mills and factories. The Trade questionnaire is becoming generally recognized as first aid to any manufacturer who wishes

to further his market or to remedy a defect in existing methods. The sales specialist in charge of such surveys becomes a repository for a vast amount of market information relating to purchasing power, general trade conditions, employment, bank clearings, and allied market factors. Advertising is supposed to do the rest. By William Pickett Helm. *World's Work*, Feb., 1931, p. 46:3.

American Bemberg Corp. Issues Sales Manual

A comprehensive sales manual giving information on merchandise made of Bemberg has been prepared by the American Bemberg Corporation for distribution to retailers. This manual gives in concise and easily remembered form facts concerning Bemberg products which sales people need to know.

Salesmen: Selection, Training, Compensation

Paying Mr. Salesman—Today's Trends Is Your Compensation Plan—

1. Arranged to reward those who increase profits?
2. Planned to encourage the distribution of products in the desired proportions?
3. Adjustable to the needs of special territorial or product development?
4. Capable of "tailoring" to fit the individual salesman, when necessary? By John Ordway. *System*, Feb., 1931, p. 112:2.

Don't Ask Good Advertising to Make Up for Poor Salesmen

Experience of toilet goods makers in substituting cheap salesmen for good ones and expecting their advertising to do the rest. By Donald S. Cowling. *Printers' Ink*, Dec. 4, 1930, p. 101:3.

What a Visual Selling Plan is Doing for Ditto, Inc.

The portfolio method of selling is gaining wider popularity because it offers an effective method for emphasizing an oral story with visual appeal and provides a

In a foreword to the booklet, Ernest C. Morse, head of the cooperative merchandising department, states that it was prepared to give practical and authentic sales information on Bemberg. He states that the contents have been reviewed and approved by authorities actively engaged in retail training, merchandising, advertising and manufacturing.

The bulletin also lists the sales helps made available to retailers by the American Bemberg Corporation. *Journal of Commerce*, Feb. 3, 1931.

The Battle of the Tube and Jar

How Bristol-Myers brought out a new container by means of a consumer contest and increased sales substantially in 1930. By Burford Lorimer. *Advertising and Selling*, Jan. 21, 1931, p. 24:2.

simple automatic means for getting the salesman to organize his sales talk and bringing it to a logical climax. The Ditto scheme is described in detail. By J. M. Cheney. *Sales Management*, Feb. 7, 1931, p. 228:3.

How Petro Trains Salesmen for Its Dealers

The Petroleum Heat and Power Company designed a week's course for dealers and their men covering all the phases of retail selling necessary to an understanding of fundamental principles. The material provided for this course is kept up-to-date through daily contact with retail selling in the factory branch at Stamford. Attendance at the school is promoted through a house organ, telegrams and telephone calls, and sometimes brief sessions are held at the office of a dealer or distributor who has not shown enthusiasm for the school. A standard sales presentation is memorized after which actual demonstrations are made. The class is taken on a trip through the factory, and instruction is given in the principles of oil combustion, furnace de-

sign, etc. A considerable number of charts are used in the course. Traveling schools are also conducted for those who cannot attend sessions at the factory. A written training course has been developed, called the "Dealer Manual of Procedure," covering: 1. The Standard Sales Presentation, which is now in active use throughout the entire country; 2. Oil Burner Sales Management; 3. The Building of a Retail Sales Organization; 4. Fuel Oil Merchandising; 5. Advertising and Its Relation to

Oil Burner Selling, and 6. A Non-Technical Description of the Construction and Operation of Oil Burners in General and Our Own Equipment in particular.

The conclusion is reached that since sales have increased during the past year, those companies who do not undertake to increase the efficiency of their merchandising organizations are not exploiting their products to the fullest possible extent. By Oliver P. Harris. *Printers' Ink*, Jan. 1, 1931, p. 25:3.

Benefit Systems and Incentives: *Bonus Plans, Vacations.*

Bonus and Profit-Sharing Plans for Sales Executives

Data gathered from firms in 127 representative lines of business shows that some form of bonus or commission is increasing. However, 57 per cent of the firms reporting still compensate sales executives with a straight salary. An increasing tendency to consider sales costs is evident, and examples are given of plans for compensating district managers. Another trend is toward the development of compensation plans based on net profits rather than upon sales volume alone. A chart shows the plan of compensation and gross annual

earnings of sales managers and other sales executives in selected lines of business. Report No. 338. *The Dartnell Corporation*, 24 pages.

Dealer Stock Ownership Plan Cuts Dealer Turnover

The May Oil Burner Corporation pays half the cost of stock purchased by company dealers. Through this plan dealer turnover has been reduced to a new low figure, returns from advertising and promotional work have increased, and the company's whole distributive scheme has been stabilized. By Albert J. Fleischmann. *Sales Management*, Nov. 6, 1930, p. 204:3.

Industrial Marketing

Where Are My Best Industrial Prospects?

Take an inventory of your market. A segregation of customers into active, occasional and extinct accounts will be very illuminating. A table shows the relative importance of various markets by states. Another table gives New York counties in order of their importance. A third one shows 46 cities in order of their importance. A limited list of really important prospects not only produces bigger sales, it also gives an opportunity to measure and compare sales performances. By Jerome L. Ashcroft. *Sales Management*, Jan. 3, 1931, p. 20:3.

The Industrial Salesman—Is Technical Training So Vital to His Success?

Experience leads the Belden Manufacturing Company to believe that the best industrial salesman is usually a man above thirty with some engineering knowledge or experience in manufacturing problems, yet ability to visualize and deal with merchandising and marketing problems. He must be able to deal with purchasing agent, production manager or president. These men are given a long training in the factory and general office. By W. B. Lockman. *Class & Industrial Marketing*, Dec., 1930, p. 92:2.

Retailing

Chain Stores

Chain store sales were generally well maintained during 1930, the dollar volume being nearly equal to that of 1929. It is estimated that the tonnage of merchandise handled increased 15 per cent. Expansion and the number of new stores opened were limited, the trend being toward the consolidation of stores already established, the improvement of internal organization and the reduction of operating expenses.

Due to competitive price cutting, the profit margin on many nationally advertised brands declined to a point where these products were being sold without profit or at a loss. Consequently, many chains commenced to make, or purchase in bulk, their own private brands, not through a desire to enter the manufacturing field, but to protect themselves against loss. Private brands have also proved valuable in building up a permanent clientele. *Dominick & Dominick*, Jan. 10, 1931. 2 pages.

Chain Store Progress in 1930

An analysis of the chain store business reveals that the depression has made more people chain store conscious. A general tendency has been toward bigger and better stores, and more attention is being given to adequate store lighting, attractive store fronts, to installation of up-to-date fixtures and general improvement of appearance. By Godfrey M. Lebharr. *Chain Store Age*, Jan., 1931, p. 31:5.

Decision on Packers' Decree Modifies Whole Food Industry

The famous decree of 1920, confining the packers' activities strictly to the packing business, has now been modified to allow them "to manufacture, sell, and deal in" the commodities referred to as unrelated lines and "to use or permit others to use" their distribution facilities. The decision is meant to keep the packers out of the retail business. However, there is nothing to prevent a packer from offering to his customers exceedingly liberal credit terms, in

effect enabling him to dictate policies of such concerns without ownership of stock. With modification coming at a time when several important food chain systems are trying to digest a too ambitious 1928-1929 program of expansion, packers are expected to make rapid strides in creating retail connections. *The Business Week*, Jan. 14, 1931, p. 5:2.

Detailed Outline of a Store Import Organization

The staff of any successful foreign office should have an aggressive and active, rather than a passive interest in their work. They must be resourceful and able to cope with situations as they arise and with considerable foresight. They are dealing with the Government. They are the intermediaries between buyers, stylists, merchandise managers and people who are great distances away. They must be wide-awake to any new developments which might affect foreign business. The organization must function properly and with the greatest amount of accuracy and speed, in order that the foreign office might attain that position of importance which it legitimately deserves in a department-store organization. By E. Wedemann. *Harvard Business Review*, January, 1931, p. 225:10.

Financial Tendencies Among Chain Stores

Diminishing returns have set in for both variety and grocery chain stores, as evidenced by a declining rate of return earned upon investment. The tendency, that of a regular annual reduction over the eight-year period, 1922-1929, has been persistent, although the return is still ample.

In the case of the variety chain stores the reason for the declining return did not appear in either the net-earnings margin or the merchandise turnover, both of which were without any marked trend. The falling capital turnover, resulting from a growing fixed investment unaccompanied by any increase in the net-earnings margin,

proved to be the unfavorable element. In the case of the grocery chain stores the major factor decreasing the earnings productivity of the investment has been the declining margin of net earnings, although there is a relatively modest indication of declining capital turnover in the last two years. This tendency may be expected to grow more pronounced if fixed investment becomes more important, as it has for the variety stores. By Harry G. Guthmann and Kenneth E. Miller. *Harvard Business Review*, Jan., 1931, p. 248:7.

Cooperation Among Retailers

Traditionally individualistic, retailers are gradually learning the advantages of trade cooperation as a means towards the reduction of uneconomic practices, the improvement of merchandising practices, the improvement of merchandising methods and the better coordination of distribution systems as a whole. Cooperation is directed to various purposes and has led to the development of various types of group organization. Among these are the following: retail merchants' associations; state, sectional and national retail organizations, such as, the National Retail Grocers' Asso-

ciation, National Retail Dry Goods Association, National Retail Hardware Dealers' Association, National Retail Druggists Association, National Retail Clothiers and Furnishers Association and National Retail Furniture Dealers Association; cooperative buying offices in the large buying centres, such as New York and Chicago, for the individual and joint use of retailers who subscribe to their financial support; retail buying associations; and voluntary chains.

The growth of voluntary chains has been most pronounced in the grocery trade, the best known of all these organizations, probably, being the Independent Grocers' Alliance with headquarters at Chicago. In May, 1930, according to a survey made by the American Institute of Food Distribution, at least 551 voluntary chain organizations, with a total membership of 59,640 retail stores, were in operation in the grocery trade in the United States. About forty similar organizations with an estimated membership of over 17,000 retailers, were in operation in the drug trade at the beginning of last year, the latest date for which records are available. To a smaller extent, the voluntary chain has entered other lines of trade. *The Index*, January, 1931, p. 20:5.

Books Received

The Dartnell Direct Advertising Guide.

Edited by J. C. Aspley. Dartnell Corp., Chicago, 1930 (edition). 320 pages. \$2.25.

Mexican Immigration to the United States.

By Manuel Gamio. University of Chicago Press, Chicago, 1930. 262 pages. \$3.00.

Asia—An Economic and Regional Geography.

By L. Dudley Stamp. Dutton & Co., New York, 1929. 616 pages.

Railroad Purchasing and the Business Cycle.

By John E. Partington. Brookings Institution, Washington, D. C., 1929. 309 pages. \$3.00.

Capital and Labor Under Fascism.

By Carmen Haider, Ph.D. Columbia University Press, New York, 1930. 296 pages. \$4.50.

Creative Salesmanship.

Scientific ideas for salesmen, salesmanagers and sales administrators. By Herbert W. Hess. Lippincott, Philadelphia, 1929, second edition, revised. 339 pages. \$3.50.

My Life.

By Leon Trotsky. Chas. Scribner's Sons, New York, 1930. 599 pages. \$5.00.

Systems of Wage Payment.

National Industrial Conference Board, New York, 1930. 131 pages. \$2.00.

Principles of Real Estate Practice.

By Roger D. Washburn. McGraw-Hill Book Company, New York, 1930. 625 pages.

Industrial Hygiene for Schools.

By Jesse Feiring Williams and Delbert Oberteuffer. McGraw-Hill Book Company, New York, 1930. 280 pages.

Handbuch Fur Das Revisions Und-Treuhandwesen. By Dr. Wilhelm Voss. C. E. Poeschel Verlag, Stuttgart, Germany, 1930. 498 pages.

Survey of Retail Hardware Business in United States—1928. General Business Research Corp., New York, 1929. 32 pages. \$1.50.

The Role of Agricultural Fluctuations in the Business Cycle. By. Vladimir P. Timoshenko. University of Michigan, Ann Arbor, 1930. 89 pages. \$1.00.

The Advertising Man of Detroit. A study of five hundred men engaged in advertising work in Detroit, Michigan, 1928, including the scope of their work, age, experience, education and salary. Prepared by University of Detroit Bureau of Business Research and Bureau of Research and Education of Advertising Federation of America with the co-operation of Adcraft Club of Detroit, Advertising Federation of America, New York, 1930. 77 pages. \$1.50.

Survey of Books for Executives

The Retail Executive. By Thorndike Deland. Harper & Bros., New York, 1930. 206 pages. \$3.00.

There could be no more opportune time for the appearance of a book about retail executives. They are a large group. They manage the distribution of goods to ultimate consumers. If the costs of distribution are rising, they are partly to blame. During the past year the turnover among them has been appalling, and at the turn of the new year an extraordinary number of changes were made. A book about retail executives and their work is of timely importance.

From the watch-tower which he has built in his executive placement agency Mr. Deland has had an excellent chance to see the work, the needs, and the opportunities of department store and chain store executives. He is in contact with many companies and knows most of their executives officially and personally, for many of them were placed through his efforts. In this book he has made good use of his information. He has drawn a clear picture of the opportunities in retailing and the need for training, and without intending to prepare a technical treatise on retailing he could not help giving some common sense advice to those already at work in the field.

The chapters in this book are of three kinds, although they do not appear in the

named order. In the first group is a discussion of opportunities, illustrated in part by thumbnail biographical sketches of the great personages of retailing, and in part by well detailed descriptions of the work of assistant buyers, buyers, merchandise managers, controllers, superintendents, advertising managers, research directors, and chain store executives. The second class consists of a single chapter, with sound advice on "How to Find the Job You Want." The third class contains chapters on "How to Hire a Buyer," on the training and placement of executives, and on the training of candidates for buyers by means of a centralized institute in the New York market.

In general, the book is a real contribution to the literature of vocational guidance. As such, it will be widely used by college placement officers and by seniors who still are looking for fields in which their talents can be capitalized. It will also be interesting to those who employ executives in department stores and chains, and to executive training classes for its technical advice. It succeeds well in imparting a detailed impression of the work of the retail executive, and that is what Mr. Deland started out to do.

If we were inclined to quarrel with his conclusions, we should choose, as apples of discord, various minor points and one major one. The minor points are not se-

rious. Where Mr. Deland stresses the importance of education ("whether . . . acquired by his own efforts or through college training . . .") and hard work we should prefer to speak of being alive and of understanding and interpreting experience for the solution of immediate problems, which is only another way of agreeing with the author. He gives more importance to the romance of European travel than many buyers known to us who wish they could stay at home. We wish he had included a table of typical salaries for various positions: he must know what they are and how important the financial reward is to prospective retailers. The plan for bringing candidates for buyerships to New York for intensive training has obvious merits; but unless the candidates are drawn from stores related either through ownership or buying groups, like the Retail Research Association, the training will still leave something to be desired and supplied. There are occasional mistakes in the book, such as the inaccurate list of schools which offer courses in retailing and others which can more properly be blamed on the publisher's editorial service. But these are relatively unimportant.

In one major aspect of the work of the retail executive, however, the author has remained too silent. He has not condemned sufficiently the current merry-go-round of executive turnover. In one place he hints at it: "The responsibility of making good does not rest alone with the new buyer. It belongs as much to the store owner when selecting a buyer. . . ." In another place he predicts that there will always be a big turnover in buyers and executives. "It should be discouraged as much as possible," he goes on; "however, when stores change their buying and selling policies overnight, as some of them do, they cannot expect their buyers to change their long fixed habits so rapidly." This is hardly the way to cry "shame!" Here and there among department stores a feeling of responsibility toward the executives of the business and toward the rank and

file of employees is beginning to show itself. As it develops, as tenure of position becomes more secure, the opportunities in retailing will become more attractive to the trained and intelligent people who make up Mr. Deland's audience. At the moment, for the mercantile industry as a whole, that responsibility is embryonic. It will grow as fast as store owners let it, as fast as they learn how to take their buyers and other executives into consideration when they are trying to change their buying and selling policies overnight. This is one of the great needs of the business, and there should have been room for a discussion of it in this book.

DAVID R. CRAIG, *Director,*
Research Bureau for Retail Training,
University of Pittsburgh.

Trends in Retail Distribution. Compiled and edited by Daniel Bloomfield. The H. W. Wilson Company, New York, 1930. 509 pages. \$2.40.

This is a collection of selected articles on retail distribution including a brief on chain stores. The general themes covered by the book are:

Status of Retail Distribution, Instalment Selling, Group Buying, Chain Stores and Independent Stores as well as other factors in retail distribution, Maintenance of Resale Prices, Mergers and Consolidations, the Growing Importance of Fashion, Some Aspects of Consumer Demand, etc.

There is an excellent bibliography of 20 pages on the subject. W. J. D.

Old Age Security. Report of the New York State Commission. Legislative Document (1930) No. 67. J. B. Lyon Co., Albany, N. Y., 1930. 692 pages.

An extensive survey of old age security has been attached to the report of the New York Commission on Old Age Security which was created in 1929 to investigate the industrial condition of aged men and women in order to recommend to the Legislature the most effective method of providing security against old age want. Included in the description of public wel-

fare activities and social conditions of the aged is a study of the 149 industrial pension plans established in New York State companies since 1900. In this chapter a statistical table showing development of contributory plans is followed by a summary of clauses covering eligibility for pension privileges, age and service requirements, the proportion of employees ultimately qualifying and methods of determining amount of pension.

Federal Reserve Policy—1921-1930. By Harold L. Reed. McGraw-Hill Book Co., New York, 1930. 207 pages. \$2.50.

In 1922 appeared Professor Reed's first book sketching the development of the Federal Reserve policy from the inception of the reserve system. Since that time there has been a widening interest in the banking and credit policy planned by the Federal Reserve Board and worked out by the several Federal Reserve banks. This expanding concern of the public was concentratedly focused on the attitude of the Federal Reserve Board toward the use of credit for so-called speculative purposes in 1929 and the intensity of this focus has continued throughout 1930 with reference to the Board's activity in the current business depression.

Accurately and fairly to appraise the present banking and credit policy of the Federal Reserve System requires a sympathetic understanding of the development of that policy since 1921, at the same time keeping in mind our rapidly changing business and banking structure. This current volume from the pen of Professor Reed is designed to inform the reader of the salient forces which have moulded the Federal Reserve policy since the depression of 1921. The period of 1921-30 is subdivided into the following segments, 1921-23, 1923-24, 1924-27, 1927-29, a separate chapter being devoted to each. The two concluding chapters in the book contain the author's critical and constructive analysis of the Federal Reserve policy through 1928 and 1929.

The book is carefully annotated and em-

bodies a wealth of historical material. Inasmuch as this volume will be used widely for reference a more extensive index would be in place.

FRANK PARKER, *Professor of Finance, Wharton School of Finance and Commerce, University of Pennsylvania.*

The Enlargement of Personality. By J. H. Denison. Charles Scribner's Sons, New York, 1930. 340 pages. \$3.00.

We change ourselves by changing the way we think. Mr. Denison offers a psychology to help us to understand ourselves and our adjustment to the world. He suggests that if man is given a new and different idea of what he is, that idea in many instances, by the emotions it produces, so reconditions his reactions that his behavior and character are essentially altered.

Mr. Denison declares that our system of education, instead of trying to impose a standardized self upon a man, as so many groups have always sought to do, should give him the utmost facilities for choosing an ideal or standard that he prefers, and then to assist him in attaining it. A man's concept of himself is, then, a picture of his inner self which, though it may not be entirely accurate, exercises a formative power, and by providing this emotional shell, shapes his self into conformity with its outlines.

Ten Thousand Small Loans. By Louis N. Robinson and Maude E. Stearns. Russell Sage Foundation, New York, 1930. 159 pages. \$2.00.

I cannot help being impressed by the painstaking manner in which the information in this book must have been compiled and recorded. I am sorry that I am not more versed in social welfare work on which side of the situation the authors seem to stand in their treatment of the subject.

For legislators who are entrusted with the laws governing such loans, such statistics must be invaluable and, if the reports were made to the authors with honesty and

accuracy, it seems to me no legislator should be without the book when considering the control of small loans.

From a banker's or business man's point of view, I do not seem to gather the same impression but I am sure insofar as the business world is interested in social matters, which is considerably, the book will be interesting reading.

A. A. MASTERSON, *Treasurer,
American Chicle Company.*

The Evolution of Industrial Organization. By B. F. Shields. Isaac Pitman & Sons, New York, 1930. (Second Edition) 414 pages. \$3.00.

This survey is made up of a series of lectures given by Professor Shields at University College, Dublin. It is primarily a general description of modern industrial methods as applied to English industry with the addition of a brief historical outline of the changes resulting from mergers, scientific management, trade unionism and minimum wage legislation. There are also chapters on methods of wage payment, industrial training and welfare work.

Psychology in Modern Business. By Harry Walker Hepner. Prentice-Hall, Inc., New York, 1930. 728 pages. \$5.00.

Here is a clear, vigorous and popular statement of how psychological findings can be adapted to practical uses in the different departments of business management. The author has the advantage of a background of industrial experience plus academic study and instruction. The result is a comprehensive survey in which, except for a few chapters, attention is centered on psychological phases of the personnel aspects of executive work.

This, however, is preceded by and interlarded with numerous helpful references to the executive's own inner problems of personality-management and development. The discussion of personality differences, types and prevalent abnormalities, is highly suggestive and calls attention to a field of interest where the need for more data, more actual cases of maladjustment execu-

tion, is grave indeed. One may prophesy that the next decade will see more progress in this whole area of industrial psychiatry than in many other now more popular phases of the subject. The present discussion, for example, in the chapter on "Methods of Treating the Psychopaths" is a wholesome beginning. This author has profited greatly by his contact with the whole Freudian movement without having been led into any extreme commitments; and his use of this point of view can prove useful to the careful and thoughtful reader.

The discussions of selection, rating, promotion, supervision of groups and supervision of women, are up to date and of real practical aid and guidance. This seems to me to be less true of the chapters on credit, advertising, selling and business prediction, which tend to cover more familiar and less psychological ground.

Oddly enough, the chapter on formal methods of dealing with employees (Chap. XXI) is cursory and brief to a degree. And there is here little effort to interpret or evaluate methods in relation to psychological factors of motive or objective. In the light of the author's own experience in business, one would have expected a stronger and better argued case for the personnel activities here considered.

In a book containing such a wealth of practical hints and sound advice it is perhaps ungracious to make a further demand. But to this reviewer the book seems lacking in a point of view or attitude toward the problem of human relations in economic life. How can loyalty be permanently enlisted? What motives sustain activity for the long pull? What do individuals want out of life and out of work? Questions like these are in part psychological and as such have eventually to be faced. Because the answers to them cannot necessarily be tabulated in a laboratory, is no reason why at this stage of industrial and psychological progress they should be minimized. The fact is, of course, that problems of motivation and purpose lie at the very heart of the matter of sound human relations in industry. We need more

rather than less organized reflection and observation on the topic.

This book is, none the less, a meaty grist. The executive who will take time to digest its many hints and suggestions will be well repaid. One reading should yield much readily applicable data—a second and even third reading will help one to catch up on the useful ideas which may elude a first examination.

ORDWAY TEAD,

*Editor of Business Books,
Harper & Brothers.*

Unemployment Benefits in the United States. By Bryce M. Stewart in collaboration with Jeanne C. Barber, Mary B. Gilson and Margaret L. Stecker. Industrial Relations Counselors, Inc., New York, 1930. 727 pages.

Many years ago it was a dream of mine to persuade someone in authority to write a history of unemployment. It seemed to me that there was a crying need for such a volume, particularly when one discovered how bare were library shelves of books that provided a really adequate background on this subject. As the years go by the situation has improved somewhat. It still has remained for the Industrial Relations Counselors to issue the first exhaustive, painstaking, even brilliant study on Unemployment Benefits in the United States. To know that such students of the subject as Arthur Young, Bryce Stewart, Mary Gilson and others of this calibre were responsible for the volume is to be sure that the work would be adequately handled. But in this book the work is much more than just adequately accomplished. It is magnificently arranged and presented. So much so that there is nothing more to be said on the subject, up to and including the year 1930. According to the editors, this is Volume I in a series to include also studies of unemployment insurance in Great Britain, Belgium, Switzerland and Germany. When these volumes all appear they will probably include the most complete factual attack upon the problem of unemployment and insurance against it which

has ever been presented in any country of the world.

To appraise in detail the volume before me requires more effective brevity than I possess. Suffice it to say that although it takes 700 pages to recite American experience with unemployment benefits, the reading of these pages leaves us with a feeling of frustration in that so much might have been attempted by industry as a whole and so little that is significant in a large way has really appeared. The authors recognize this dilemma. They guardedly suggest a way out. Their words will not appeal to some of us who pound the table, bulge our eyeballs and otherwise push the blood pressure machine well over 200 whenever the words "social insurance" are uttered. These authors apparently do not believe in the good, old fashioned, rugged individualism when men were men who held in contempt all social planners. Even so, their words breathe wisdom and vision. There is a new conception of industry. Here it is:

"Within their proper sphere as contributing to business efficiency, increase in the number of plans will be slow. As knowledge of the subject broadens, the most capable managements may be expected to set up schemes, but as in every other progressive movement the mass will lag. It would seem that a wide coverage of unemployment insurance, even in so far as it is an advantage to the individual business, will come only through legislation. Representatives of the company-plan managements consulted in this investigation have expressed an almost unanimous view that while properly planned and administered schemes of unemployment insurance would be an aid to industry, their adoption would proceed slowly unless stimulated by legislation. Certainly, compulsory legislation will be necessary to bring about the general acceptance of any measure of compensation beyond the point of efficiency in the individual firm, however advantageous it may be to business at large for its stabilizing influence on purchasing power."

ERNEST G. DRAPER, *Vice President,
The Hills Brothers Company.*